

WASHINGTON, DC - The *Making Work Pay* tax credit that was enacted as part of the federal American Recovery and Reinvestment Act of 2009 (The Recovery Act) takes effect today for more than two million Maryland families, saving a total of \$1.1 billion. The credit, which is the tax reduction centerpiece the Recovery Act, provides up to \$400 dollars per year for working individuals and \$800 for married taxpayers.

"The Making Work Pay tax credit passed by Congress and signed into law by President Obama is intended to provide some relief to middle-class families struggling to make ends meet in the economic recession," **stated Congressman Steny H. Hoyer (D-MD)**. "As a result, 2.1 million Maryland families will see an increase in their paychecks reflecting the new credit beginning today."

IRS guidance asks that, by April 1, employers must have instituted the lower withholdings for their employees. Affecting 95 percent of working families, the Making Work Pay credit is one of the fastest and broadest tax cuts in American history.

"We continue to see the many ways the Recovery Act is working to invest in jobs and the economy, and provide assistance to lessen the impact of the recession on American families," **stated Congressman Hoyer**. "The Making Work Pay tax credit is just one more element of our efforts to help them face the current economic crisis."

Restoring Fairness to the Tax Code and Providing Tax Relief to Working Americans. *The Making Work Pay Tax Credit aims to help middle class families who are being squeezed by rising costs and stagnating wages.*

- For 2009 and 2010, the "Making Work Pay" tax credit provides a refundable tax credit of 6.2 percent of earned income up to \$400 for working individuals and \$800 for married taxpayers.
- Families should see at least a \$65 dollar per month increase in their take home pay.
- The credit will phase out for taxpayers with adjusted gross income in excess of \$150,000 for married couples filing jointly and \$75,000 for other workers, and thus is fully phased out for taxpayers with modified adjusted gross income in excess of \$190,000 for married workers and \$95,000 for other workers.

Getting Needed Cash to Working Families. In an effort to get much needed cash to hard working Americans as quickly as possible, in late February the President announced the IRS would issue a new set of withholding tables [\(<http://www.irs.gov/pub/irs-pdf/n1036.pdf>\)](http://www.irs.gov/pub/irs-pdf/n1036.pdf) structured to get the tax credit to Americas' workers in cash over the course of the year. By reducing required withholding amounts, workers' take home pay is increased immediately.

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